

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK

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DEBORAH DONOGHUE, )

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Plaintiff, )

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- against - )

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LOCAL.COM CORPORATION and HEARST )  
COMMUNICATIONS, INC., )

)  
)  
Defendants. )  
)  
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Case Number: 07 CIV. 8550 (LBS)

**DEFENDANT HEARST  
COMMUNICATION INC.'S  
RULE 56.1 STATEMENT OF  
UNDISPUTED MATERIAL  
FACTS IN SUPPORT OF  
MOTION FOR SUMMARY  
JUDGMENT**

Pursuant to Civil Local Rule 56.1 of the Southern District of New York and Rule 56 of the Federal Rules of Civil Procedure, Defendant Hearst Communications, Inc. ("Hearst") submits the following statement of undisputed, material facts in support of its Motion for Summary Judgment.

1. On July 31, 2007, the Board of Directors of Local.com Corporation ("Local.com") approved a Stock Purchase Agreement ("SPA") with a number of third-party investors. (Board Minutes of Local.com, dated July 31, 2007) (Attached as Exhibit F to Declaration of William Wargo, dated July 16, 2008 ("Wargo Decl.")).

2. Under the terms of SPA, Local.com agreed, *inter alia*, to issue and sell 2,356,900 shares of its common stock to the third-party investors for a purchase price of 12,962,950. (Securities Purchase Agreement between Local.com and listed investors, dated July 31, 2007 (the "SPA")) (Attached as Exhibit D to Wargo Decl.); (Form 8-K filed by Local.com, dated August 1, 2007) (Attached as Exhibit J to the Wargo Decl.).

3. On July 31, 2007, Local.com and the third-party investors executed the SPA. (Exhibits D and E to the Wargo Decl.).

4. On August 1, 2007, the third-party investors had the purchase money owed under the SPA wired to bank accounts held by Local.com. (Incoming Wire-Advice of Credit, transaction date August 1, 2007) (Attached as Exh. G to Wargo Decl.); (Deposition of Douglas Norman, dated May 15, 2008 ("Norman Dep."), 63:20-65:23) (Attached as Exhibit C to the Wargo Decl.).

5. By 1:06 P.M. Pacific Standard Time, Local.com had received notification from its bank that Local.com's accounts had been credited with all the purchase money owed under the SPA by the third-party investors. (Exh. G to Wargo Decl.); (Norman Dep. 63:20-65:23).

6. The purchase money that the third-party investors wired to bank accounts held by Local.com was not held in escrow on August 1, 2007 once it was received by Local.com's bank. (Norman Dep. 64:7-10); (SPA at p. 2).

7. Once Local.com received notification of payment by the third-party investors, the third party investors had completed all their affirmative obligations under the SPA required to purchase the 2,356,900 shares of Local.com common stock. (Norman Dep. 64-18-23); (SPA at 22-23).

8. On August 1, 2007, Hearst had warrants exercisable for 1,194,030 shares of common stock, and owned 302,087 outstanding shares of common stock of Local.com. (Consent to Equity Sales, dated July 31, 2007) (Attached as Exhibit H to Wargo Decl.); (SEC Form 4 Statement of Changes of Beneficial Ownership, listing common stock transactions on July 24 and 25, 2007) (Attached as Exhibit O to Wargo Decl.).

9. On August 1, 2007, Local.com had at least 14,146,556 outstanding shares of common stock. (Local.com Form 10-Q, dated August 7, 2007 at 1) (Attached as Exhibit P to Wargo Decl.).

10. The at least 14,146,556 outstanding shares of Local.com common stock on August 1, 2007, included the 2,356,900 shares of common stock Local.com stock sold to the third-party investors pursuant to the SPA. (Exhibits J and P to Wargo Decl.).

11. On August 1, 2007, Hearst owned less than ten percent of the outstanding shares of Local.com. (Exhibits H, J, O and P to Wargo Decl.).

Date: July 16, 2008  
New York, New York

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